REPORT OF THE
JOINT COMMISSION ON HEALTH CARE

STUDY OF THE ISSUES IMPACTING UNIVERSAL ACCESS TO HEALTH CARE FOR VIRGINIA'S UNINSURED CHILDREN

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

HOUSE DOCUMENT NO. 32

COMMONWEALTH OF VIRGINIA
RICHMOND
1995

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Preface

House Joint Resolution (HJR) 183 of the 1994 Session of the General Assembly requested the Joint Commission on Health Care to study the issues impacting universal access to health care for Virginia's uninsured children and the extent to which current initiatives should be expanded or revised to ensure that such access exists.

Specifically, HJR 183 directed that the study evaluate: (i) the impact of the expanded coverage for children under the "Kids' Care" program; (ii) the need, if any, to modify the benefits provided under the plan; (iii) the extent to which the program should be expanded to include a larger target population; and (iv) how federal funds can be maximized to support such expanded coverage.

While HJR 183 directed the Joint Commission on Health Care to conduct this study, a document which was recently prepared by the staff of the Department of Medical Assistance Services (DMAS) on this issue is being submitted in response to this request. Robert Metcalf, Director of the Department of Medical Assistance Services, presented the enclosed report to the Joint Commission on Health Care on September 26, 1994, and its contents are included herein without alteration.

DMAS found that the "Kids' Care" program, which was established to provide preventive and primary care services to children from birth to age 1 who have no other insurance coverage (i.e., private insurance or Medicaid), had enrolled only 35 children as of August 1, 1994. DMAS concluded the reason that the number of children enrolled in "Kids' Care" is far less than originally estimated is because changes to Medicaid policy adopted in 1989 made these children eligible for Medicaid benefits. Accordingly, much of the funding appropriated by the General Assembly for the "Kids' Care" program has not been expended.

DMAS also found that there is confusion among providers and families regarding the identity, services, funding, eligibility requirements and administration of the "Kids Care" program. The confusion stems from a similar program entitled "The Caring Program for Children" which is funded through private donations and administered by "The Virginia Caring Program, Inc.," a public charity formed by Trigon, Blue Cross Blue Shield. (Trigon also provides in-kind administrative services for the "Kids' Care" program.) "The Caring Program for Children" provides similar services to uninsured children from age 1 through 19. The separate administration of these two similar programs has resulted in confusion among the two target populations and administrative

inefficiencies (e.g. maintaining two sets of applications, brochures, provider handbooks, etc.).

DMAS presents three options for addressing the various issues regarding coverage for uninsured children. Option I would be to pursue the federal waiver already submitted by DMAS to the Health Care Financing Administration (HCFA) to obtain matching federal funds to expand "Kids' Care" up to age three. Option II would have DMAS submit a revised waiver request to HCFA expanding the age range of "Kids' Care" within the current appropriation ($3.4 million for FY-96), possibly to age four. Option III would withdraw the waiver request to HCFA and leave "Kids' Care" as a state-only program with no federal funding. This option would provide the Commonwealth more flexibility in determining the age range for the program.

DMAS recommended that whichever option is chosen, the identity of the "Kids' Care" program should be merged with the "Caring Program for Children" to eliminate the current confusion between the two programs and the current inefficiencies in administering costs.

It should be noted that, subsequent to the completion of the DMAS study, Governor Allen recommended in his proposed amendments to the 1994-96 budget that the "Kids' Care" program be eliminated.

Jane N. Kusiak
Executive Director

January 18, 1995

TABLE OF CONTENTS

Introduction and Statutory Authority

The 1994 General Assembly passed House Joint Resolution No. 183 directing the Joint Commission on Health Care with the cooperation of the Secretary of Health and Human Resources, the Department of Medical Assistance Services, the Virginia Caring Program, Inc. and the advice of the Virginia Maternal and Child Health Council to evaluate "(i) the impact of the expanded coverage for children under the Kids Care program; (ii) the need, if any, to modify the benefits provided under the plan; (iii) the extent to which the program should be expanded to include a larger target population and how federal funds can be maximized to support such expanded coverage; and (iv) the manner in which Virginia's expanded coverage for children can serve as a model in Virginia under any national reform calling for universal coverage." Appendix A contains a copy of House Joint Resolution No. 183.

Background

Despite budget constraints, Virginia's expansion of its Medicaid program has demonstrated the high priority that the Commonwealth places on health coverage for children living in poverty. Since 1988, Medicaid coverage has expanded to cover pregnant women and children younger than age six up to 133% of the federal poverty level (FPL) and children ages 6 to 19 up to 100% of the FPL. See Appendix B for a chronology of the various expansions.

By expanding eligibility for Medicaid, over 60,000 additional children have received Medicaid services in the past five years. While these expansions brought in thousands of new children, many children are still ineligible and otherwise uninsured. In December 1991, the Governor's Child Health Task Force issued the report, "Investing in Virginia's Future." According to this report, over 200,000 children in Virginia, one out of every seven, live in families who cannot afford basic health care. Without routine medical care, children miss opportunities for early detection and treatment of acute illness, immunization against deadly diseases, and guidance and supervision from a health care provider. The Task Force recommended that a plan be available to cover the basic health needs for uninsured children under age 18 whose families earn less than 200% of the FPL. This basic coverage could provide for preventive visits, more economically than under Medicaid, which would dramatically reduce the incidence of more serious-- and more costly illness. Children with coverage would receive better health care by being immunized appropriately, receiving regular check-ups, and being monitored for early detection of illness and developmental difficulties.

Although covering children through age 18 as recommended by the Child Health Task Force was considered too costly to fund, the 1993 General Assembly appropriated $3.4 million to implement a program to provide preventive and primary care services for 6,000 uninsured children from birth to age 1 with family income which does not exceed 200% of the FPL. The Department of Medical Assistance Services (DMAS) was assigned responsibility for implementing the child health initiative using recommendations made by the former Secretary of Health and Human Resources to the General Assembly in November, 1992. See Table 1.

Table 1. November, 1992 Recommendations for Implementation of the Child Health Initiative

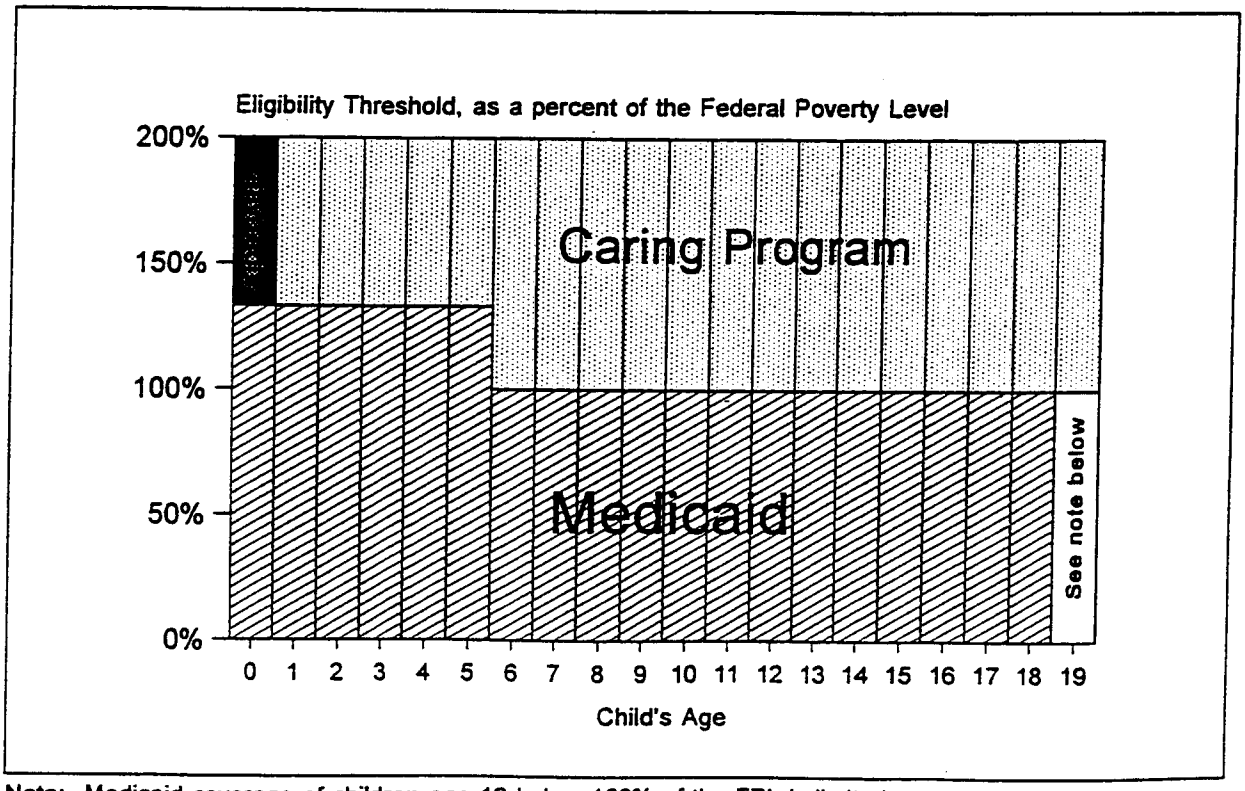
- Child health insurance program to be implemented as a separate initiative
- Benefits to include core primary/preventive services
- Central administrative unit within state government to contract with third party for administrative services and service delivery
- Administrative services to be provided at no cost to Commonwealth
- Public/partnerships with existing providers, non-profit groups, community programs (i.e., CHIPS, HMO's, etc.) to be maximized

As a result, DMAS contracted with the Virginia Caring Program, Inc., a 501(c)(3) public charity formed by Trigon Blue Cross Blue Shield, for administration of the program. The Virginia Caring Program, Inc. is responsible for establishing provider networks, determining methods of reimbursement for providers, outreach, administering eligibility, and claims processing and appeals. The contract reimburses on a capitated rate per enrolled child for medical services only but a cost settlement is performed at the end of each year. All administrative costs are provided in-kind by Trigon Blue Cross Blue Shield. The contract was signed November 2, 1993 and is renewable for one year periods up to three years. Virginia Caring Program, Inc. began approving applications for Kids Care November, 1993.

As recommended, Kids Care covers well-child visits, immunizations, diagnostic and preventive dental services, acute episodic sick care in physician offices and other outpatient settings, diagnostic tests, prescription drug coverage with a $3 per prescription copayment and limited emergency care. The package of preventive and primary care services is more limited in scope than services provided for Medicaid eligible children. Participants are encouraged to choose a primary care physician who will provide or make referrals for the individual's care.

A major advantage of contracting with Virginia Caring Program, Inc. was the link with the Caring Program for Children. The Caring Program for Children is also administered by Virginia Caring Program, Inc., but is funded by private donations. It covers preventive and primary care services for uninsured children age 1 through 19 whose family income does not exceed 200% of the FPL. Kids Care and the Caring Program for Children are administered and promoted together to provide a system of preventive and primary care that is simple for families to access. However, the distinct names for the same services has proved to be confusing for families and providers. Figure 1 illustrates the current coverage available to uninsured children in Virginia by age and federal poverty level:

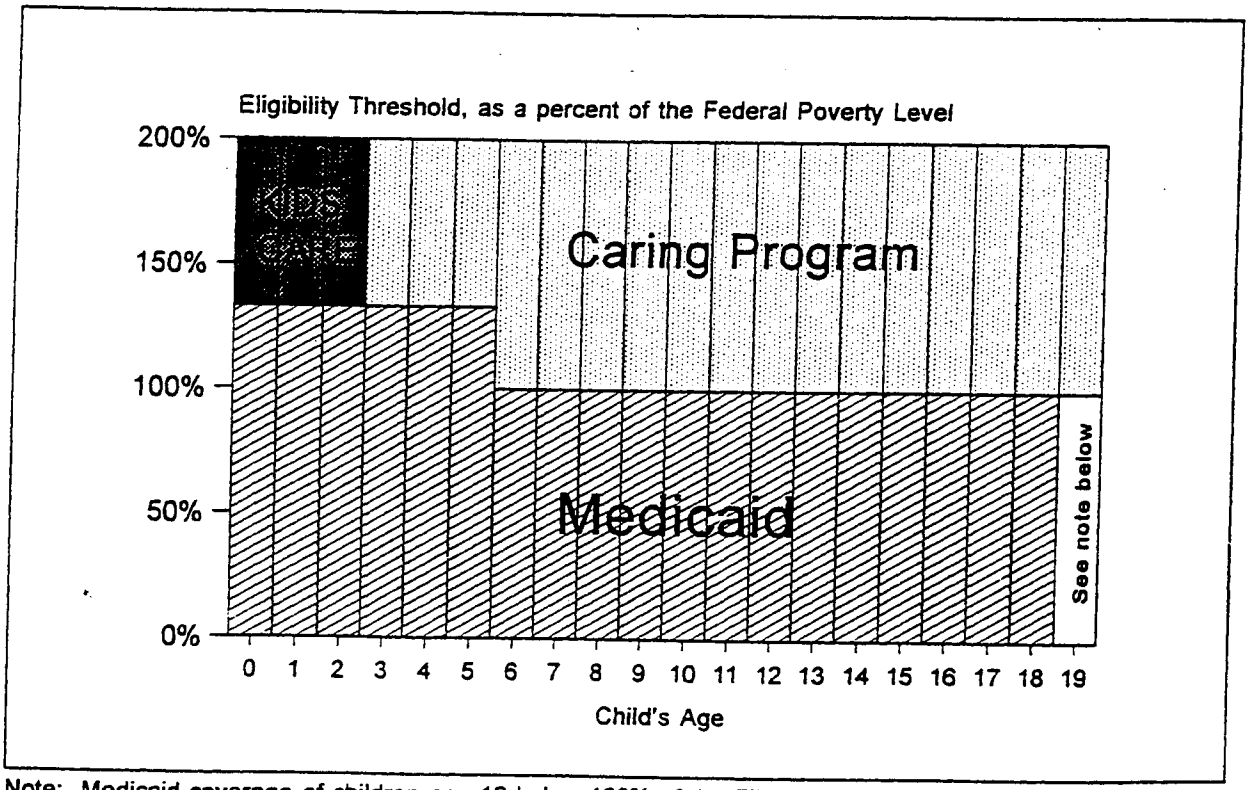
Figure 1. Coverage Available for Children in Virginia by Age and Federal Poverty Level



Note: Medicaid coverage of children age 19 below 100% of the FPL is limited to certain categories such as those who are foster children, pregnant or disabled.

In re-appropriating state funds for the Kids Care program, the 1994 General Assembly authorized DMAS to seek a waiver from the Health Care Financing Administration (HCFA) to bring the Kids Care program under Medicaid as a demonstration project allowing the state to obtain federal matching funds and expand the program to serve children up to age 3. The purpose of implementing this project under Medicaid is to enhance the funding available to the Commonwealth for covering uninsured children. Specifically, it would allow Kids Care to cover children up to age three and the Caring Program for Children to target its funds from private donations to serve children age 3 through 19. Figure 2 illustrates the resulting available coverage by age and federal poverty level if the demonstration project were in effect.

Figure 2. Proposed Coverage Available by Age and Federal Poverty Level with Expansion of Kids Care under a HCFA Waiver



Note: Medicaid coverage of children age 19 below 100% of the FPL is limited to certain categories such as those who are foster children, pregnant or disabled.

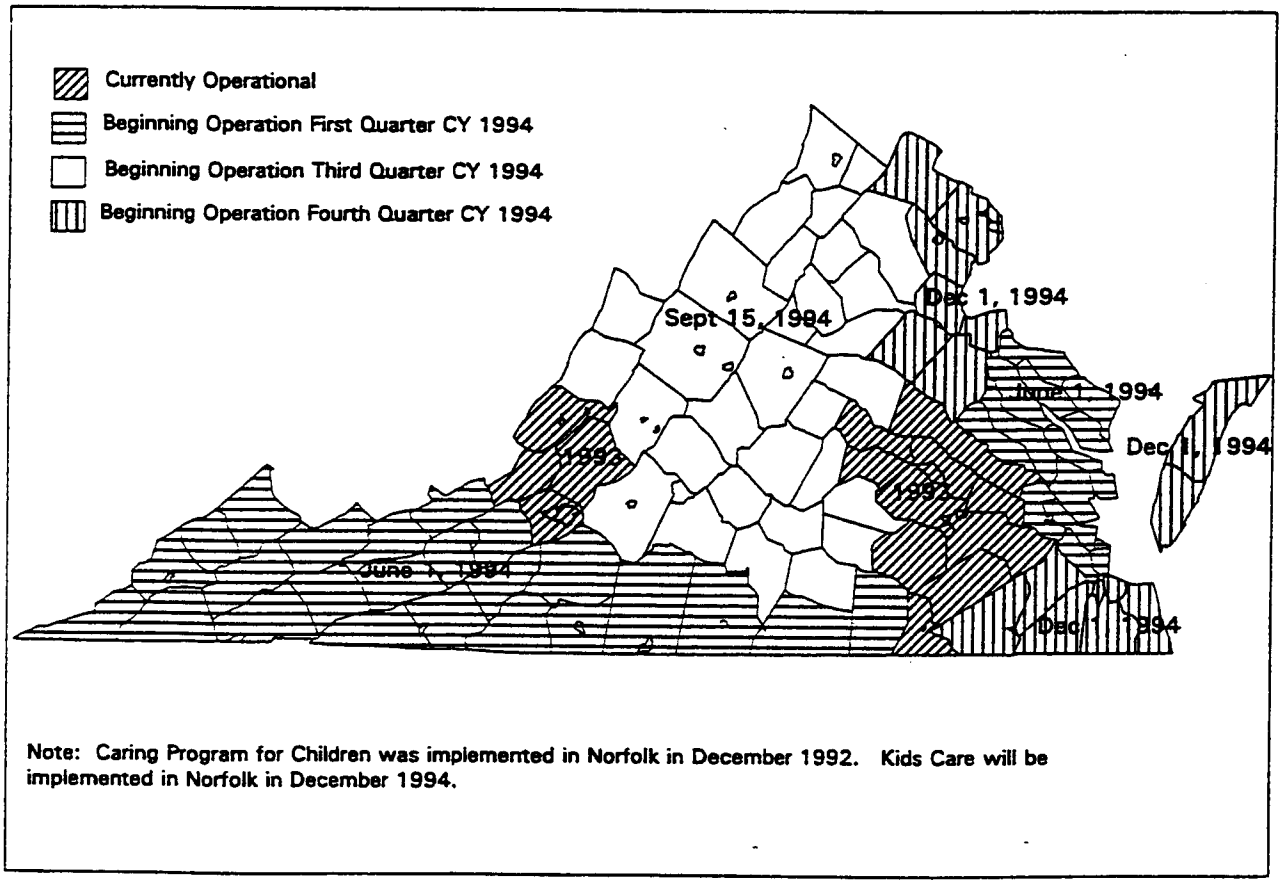
DMAS submitted the waiver to HCFA's Office of Research and Demonstration in May, 1994 and received comments and questions from HCFA on September 12, 1994. They have requested that DMAS respond to these questions by September 28, 1994.

Status of Kids Care and the Caring Program for Children

Implementation of Kids Care and the Caring Program for Children

The Virginia Caring Program, Inc. has phased in the implementation of Kids Care and the Caring Program for Children throughout the state since December, 1993 and will be operating statewide by December, 1994 as shown in Figure 3 below:

Figure 3. Phased-in Implementation of Kids Care and the Caring Program for Children



Note: Caring Program for Children was implemented in Norfolk in December 1992. Kids Care will be implemented in Norfolk in December 1994.

Prior to implementing Kids Care and the Caring Program for Children in a given area of the state, the Virginia Caring Program, Inc. establishes a local advisory committee that includes representatives from entities such as local hospitals, schools, Community Health Centers, local Departments of Social Services, and local Health Departments. A representative from the Virginia

Caring Program, Inc. meets with the local advisory committee to share information about the programs; distribute promotional materials such as posters, brochures, and an application; and develop strategies to introduce the programs into the community.

Introducing the programs into the community through the local advisory committee has proved useful in learning more about the needs of the target population. For example, based on input from many of the local advisory boards about the estimates of uninsured children, especially for children under one, DMAS reexamined the estimates used by the Child Health Task Force and identified important issues that had not been considered in the original estimates. Also, in response to a need identified by the local advisory committee in Northern Virginia, the applications, brochures, and participant handbooks are being translated into Spanish. Virginia Caring Program, Inc. covered the administrative cost of the translation.

Establishing a Provider Network

Virginia Caring Program, Inc. initiates provider participation by mail and follows up with telephone calls and visits to respond to questions about the programs. Trigon Blue Cross Blue Shield's Provider Network Management Department assists the Virginia Caring Program, Inc. staff in their efforts to recruit providers. As of September 1, 1994, 682 professional providers (physicians, dentists, etc.) have signed Kids Care provider agreements and 1,092 have signed provider agreements for the Caring Program for Children. The difference between Kids Care and the Caring Program for Children in the number of providers is due to the fact that the Caring Program for Children was implemented in Norfolk in December 1992 prior to the existence of Kids Care. Kids Care will be implemented in Norfolk in December 1994. We expect that at that time almost all providers will be participating in both programs. Twenty-five hospitals have signed provider agreements.

Participation in Kids Care and the Caring Program for Children

As of August, 1994, thirty-five children under age 1 were approved for Kids Care while 1,671 children age one through 19 were approved for the Caring Program for Children as illustrated in Figure 4. Once a child is enrolled in Kids Care or the Caring Program for Children, they receive an identification card, a participant handbook, and a listing of participating providers in their area. In addition, each family receives a quarterly newsletter published by Virginia Caring Program, Inc. The intent of the newsletter is to empower and encourage families by providing information on prevention, health education, and the availability of other kinds of services that their child(ren) may need.

Virginia Caring Program, Inc. is pursuing a variety of methods to reach the target population for Kids Care and the Caring Program for Children. For example, Virginia Caring Program, Inc. has arranged for the Council on Child Day Care and Early Childhood Programs to distribute information on Kids Care and the Caring Program for Children during their regional training symposiums for day care providers, planners, etc. WIC and Head Start programs keep applications and flyers on hand for distribution. Virginia Caring, Inc. is currently contributing articles to the newsletters of the Virginia Family Practice Society and the Housing Authority and is planning to contribute articles to other professional society newsletters as well. Trigon Corporate Communications does periodic news releases to publicize the programs. Virginia Caring Program, Inc. coordinates with school systems to distribute flyers to school age children. Finally, DMAS initiated a request to Secretary James requesting the directors of the Department of Social Services, Department of Health, and Department of Mental Health, Mental Retardation, and Substance Abuse Services to inform their local agencies about Kids Care and the Caring Program for Children and encourage them to make referrals as appropriate. These communications have been helpful in establishing the credibility of Virginia Caring Program, Inc. at the local level.

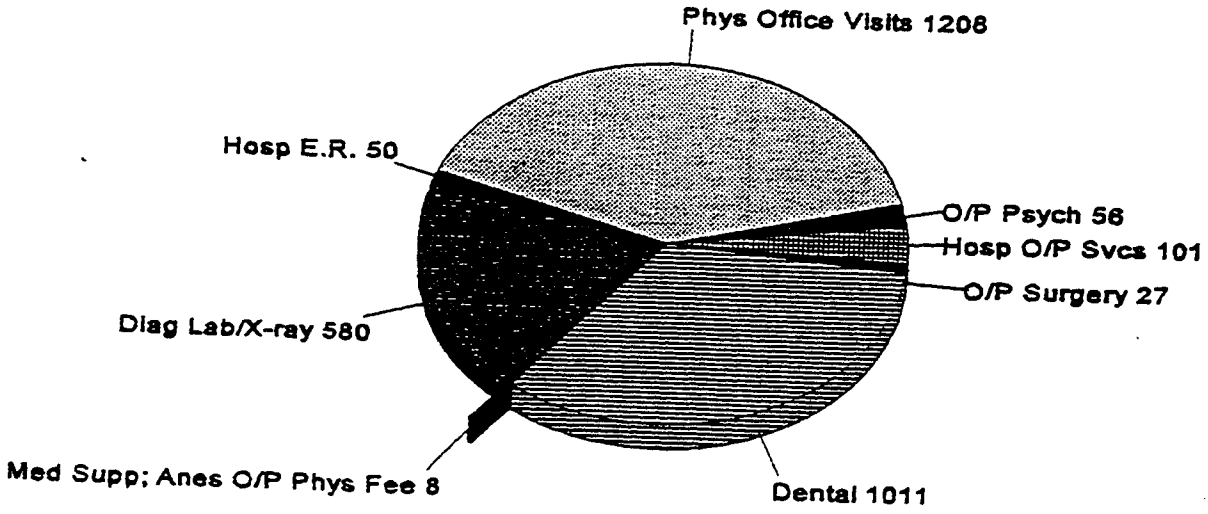
Figure 4. Approved Children by Age at Enrollment in Kids Care and the Caring Program for Children

Utilization of Services

The majority of the services utilized by children enrolled in Kids Care have been well-child visits-- routine check ups and immunizations. Since many more children of various ages are being covered under the Caring Program for Children, a greater variety of services have been utilized including emergency

care and dental care. Figure 5 below shows the utilization for both Kids Care and the Caring Program for Children combined:

Figure 5: Utilization of Services for Kids Care and the Caring Program for Children (as of June 30, 1994)



Discussion

Over the past six to eight months the Virginia Caring Program, Inc. and DMAS have been concerned with the unexpected low enrollment in Kids Care. This concern over low enrollment, along with input from the local advisory committees that the target population for Kids Care (children under one) already have Medicaid coverage, caused us to reexamine program policies and the initial estimates of uninsured children used by the Child Health Task Force in 1991. As a result, the data in Table 2 was assembled and analyzed:

Table 2: Comparison of the Population under 200% of the FPL Compared to the Population Enrolled in Medicaid (Average Monthly Eligibles)

	Population Under 200% of the FPL	Population Enrolled in Medicaid (Average Monthly Eligibles)	Population Under 200% of the FPL not Enrolled in Medicaid
Age			
<1	31,061	31,069	0*
1	30,730	25,189	5,541
2	30,698	23,179	7,519
3	30,517	21,350	9,166
4	34,731	18,971	15,760
5	32,602	17,339	15,263
6	29,125	14,943	14,182
7	29,130	14,129	15,001
8	29,335	12,624	16,711
9	27,802	11,037	16,765
10	29,769	10,371	19,398
11	29,778	9,675	20,103
12	25,544	9,111	16,433
13	24,782	7,459	17,323
14	24,778	6,564	18,214
15	26,110	6,285	19,285
16	26,166	5,907	20,259
17	25,261	5,698	19,563
18	26,300	3,973	22,327
Total	544,219	254,873	289,354

*Note: The actual difference between the first column and the second column is -8. Despite this estimate, we know from experience that some children under one have qualified for Kids Care.

One issue emerged clearly-- virtually all children under one are covered by Medicaid. A Medicaid policy was implemented in 1989 allowing children under one year of age whose mother was on Medicaid while she was pregnant to be automatically enrolled in Medicaid up to their first birthday. This policy is called "continuous eligibility." The dramatic effect that this policy has had on enrollment in Medicaid for children under one was not accounted for in the original estimates used by the Child Health Task Force because the policy had not been in effect long enough.

Secondly, income counting rules for Medicaid and Kids Care were compared. Because of Medicaid's income counting methodology, many children whose family income is greater than 133% of the FPL are already covered by Medicaid. While there is a relatively large number of children between 133% and 200% of the FPL under age one in Virginia, an analysis of Medicaid eligibility policy and enrollment figures shows that almost all of these children are already covered by Medicaid. In determining eligibility for Medicaid, certain "income disregards" are discounted from a family unit's income before their poverty level is calculated. The two primary disregards are the "first $90 of monthly gross earned income for each employed member in the family/budget unit" and "for full-time employment, deduct an amount equal to the actual cost, not to exceed $175 per month per child or incapacitated adult, for care of child and/or incapacitated adult, for care of child and/or incapacitated adult in the unit, except in the case of child care for a child under age 2 years, deduct the actual cost not to exceed $200 per month." After accounting for these income disregards, it is possible for a family unit at or above 200% of the FPL to qualify for Medicaid depending on the circumstances. Income disregards were not taken into account to the extent needed in estimating the number of uninsured children who would be eligible for Kids Care. The potential population for Kids Care is much lower than originally thought.

Given these two factors together, it is estimated that virtually all of the children under one with family incomes less than 200% of the FPL are already covered by Medicaid. This explains the low enrollment in the Kids Care program despite the strong emphasis on that age group under one and separate identification of the program.

The next step in the re-analysis was to obtain new estimates of the percent of uninsured children under 200% of the FPL. We were able to obtain estimates of uninsured children in Virginia from the 1993 Children Health Utilization Survey conducted by the Virginia Department of Health under contract to the Center for Public Service at Virginia Commonwealth University (instead of relying on national measures). We applied these estimates to the population under 200% of the FPL to compute the estimated number of uninsured children in Virginia by age in FY 1993 and compared them to the original estimates of uninsured children estimated for FY 1994. See Table 3 below.

Table 3. Number of Uninsured Children in Virginia

	Population Under 200% of the FPL FY 1993	Percent of Uninsured Under 200% of the FPL	Number of Uninsured Under 200% of the FPL FY 1993	Original Estimates of Uninsured for FY 1994
Age				
<1	31,061	—	—	5,757
1	30,730	14%	4,302	5,696
2	30,698	14%	4,298	5,689
3	30,517	14%	4,272	5,655
4	34,731	14%	4,862	6,686
5	32,602	14%	4,564	6,691
6	29,125	19%	5,534	11,614
7	29,130	19%	5,535	11,616
8	29,335	19%	5,574	11,698
9	27,802	19%	5,282	11,088
10	29,769	19%	5,656	11,343
11	29,778	19%	5,658	11,347
12	25,544	19%	4,853	11,352
13	24,782	33%	8,178	11,012
14	24,778	33%	8,177	11,010
15	26,110	33%	8,616	10,637
16	26,166	33%	8,635	10,659
17	25,261	33%	8,336	10,290
18	26,300	33%	8,679	10,615
Total	544,219		111,011*	180,455

Note: Underinsured children were not included in the new estimates and it is unclear as to whether they were included in the original estimates. This may also account for a difference in the estimates.

* Some of the children in the FY 1993 estimate of uninsured children are probably eligible, but not enrolled in Medicaid. The eligibility expansion for children from age 6 to 19 up to 100% of the FPL only changed in 1991. We believe the number of uninsured may be around 100,000 children.

The new estimates are clearly lower than the original estimates. Using the new estimates and an updated estimated annual cost of $1,095 for children under one (which is almost twice as high as the current contracted rate) and $674 for children age 1 to 5 based on FY 1993 Medicaid claims experience for preventive and primary care services, the state appropriation for Kids Care would cover the few children under age one who qualify and but not all of the uninsured children who are age 1 without spending beyond the appropriation.

See Appendix C for the cost estimate. If we assume that participation is less than 100% of the potentially eligible population (we believe this is more realistic), then we could extend the age range beyond age one into age two. See Appendix C for the cost estimate.

If we continue with the current waiver as proposed to HCFA, we estimate that at best approximately $2 million of the $3.4 million in General Funds would be expended in FY 1996. This level would increase over time as the program becomes more well known and participation rates increase. See Appendix D for the cost estimate.

Under the scenario of the waiver, we could expand the age range up to age 4 and stay within the current appropriation until FY 1998 at which time it would exceed the $3.4 million appropriation by approximately $200,000. This assumes that the percent enrollment in FY 1996 is 65% and in FY 1997 and FY 1998 is 70%. The current waiver proposal submitted to HCFA in May, 1994 would have to be revised as well as the state budget to allow this to happen. See Appendix E for the cost estimate.

Conclusions and Recommendations

The purpose of the Kids Care appropriation is to cover uninsured children in the Commonwealth. Although there are not as many uninsured children as originally estimated in 1991, there are large numbers of uninsured children in the Commonwealth. The original intent of the appropriation is not being met as currently configured as a state-only program because the population targeted (children under one with family incomes that do not exceed 200% of the FPL) is already being served by Medicaid. Three options are presented in the following pages to improve the targeting of this appropriation. Under each option we have described the action required to implement the option, the advantages, and disadvantages.

Regardless of which option is ultimately accepted, DMAS recommends that the identity of the Kids Care program merge with that of the Caring Program for Children. Identifying these programs as two separate initiatives under the Virginia Caring Program, Inc. is confusing for providers and families when they cover the same services. It also increases the administrative cost and effort on the part of the contractor due to maintaining, printing, and distributing two sets of applications, brochures, and participant handbooks. If the identity of Kids Care is merged, the contractor should be required to acknowledge the Commonwealth's contribution as a partner to the program on all materials with wording agreed upon between the contractor and the state. In addition, the

contractor should be required to publish in their annual report the percentage of their funding that comes from the Commonwealth.

Option 1: Continue to pursue the federal waiver in its current form as submitted to HCFA to obtain matching funds and expand Kids Care up to age three.

Action required:

1. No action beyond the current plan. DMAS staff would continue to pursue approval of the waiver. HCFA has responded to the waiver proposal submitted in May, 1994 with comments and questions. Once received, DMAS will conduct further research and analysis as required to respond to their comments and seek final approval.

Advantages:

1. The Commonwealth receives matching funds for the funds expended on Kids Care.

Disadvantages:

1. The disadvantage of continuing to pursue the waiver in its current form is that it only maximizes federal matching funds for services covered for one and two year olds, since virtually all of the children less than one are already covered by Medicaid. This does not fully meet the intent of pursuing a waiver to maximize funds in the first place.

2. Once Kids Care is approved as a waivered program, it comes under the state's medical assistance program. Since current state law requires that the local Departments of Social Services receive applications and determine eligibility, this would be required under the waivered program. This state law prohibits implementation of the model originally envisioned in the waiver proposal to accomplish eligibility at little or no cost to the state. For example, the Virginia Caring Program, Inc. would continue to receive, review, and approve applications with the Department of Social Services issuing the final sign-off from the state office. Unless the legislative proposal to amend the state law allowing agents and locations other than the local Departments of Social Service to receive applications and determine eligibility for the medical assistance program, the Commonwealth will have to incur the additional cost and work of receiving applications and determining eligibility by local eligibility workers.

3. Reporting requirements to the federal government are incurred under the waiver. DMAS is required to report quarterly to HCFA on the status of the waiver and conduct an evaluation. In addition, it increases the reporting required of the contractor to DMAS.

Option 2: Submit a revised waiver request to HCFA expanding the age range of Kids Care within the current appropriation, possibly up to age four.

Action Required:

1. In the research and analysis developed by DMAS staff to respond to HCFA's questions on the waiver proposal (as mentioned in Option 1), revised age limits would be submitted that maximize the use of the appropriation.

2. Introduce a budget amendment allowing the appropriation to cover children beyond the age of three under the waiver.

Advantages:

1. The Commonwealth would maximize the matching funds it receives for the state funds expended on Kids Care.

Disadvantages:

1. As with Option 1, unless the legislative proposal to amend the state law allowing agents and locations other than the local Departments of Social Service to receive applications and determine eligibility for the medical assistance program, the Commonwealth will incur the additional cost of receiving applications and determining eligibility by local eligibility workers.

2. As with Option 1, reporting requirements to the federal government are incurred by accepting the match. DMAS is required to report quarterly to HCFA on the status of the waiver. In addition, it increases the reporting required of the contractor.

Option 3: Withdraw the waiver request submitted to HCFA and leave Kids Care as a state-only program with no matching federal funds, i.e., make the age range of children that can be covered by these funds more flexible. One such scenario would be to allow the

appropriation to cover any uninsured child up to age 18 under the Caring Program up to the amount of the appropriation.

Action Required:

1. Submit a letter to HCFA withdrawing the waiver request for Kids Care.

2. Introduce a budget amendment allowing the appropriation to cover children up to 18.

3. Revise the Kids Care contract or develop an alternate method of disbursing the funds to the contractor.

Advantages:

1. Minimizes administrative requirements and costs to the Commonwealth and the contractor as opposed to the federal reporting and evaluation required under the federal waiver; and, no other federal requirements would be attached to the funds or program.

2. Participation rates are not crucial to maximizing the use of the appropriation because the target population would be much larger.

3. Eligibility can continue to be done solely by the private contractor with no burden to the Commonwealth.

4. Leaving the program as state-only allows the program to be more flexible and respond to changing needs.

5. Eliminating the cost settlement clause from the contract reduces administrative costs for the Commonwealth.

Disadvantages:

1. No federal matching funds would be drawn down.

APPENDIX A

LD1007828

HOUSE JOINT RESOLUTION NO. 183

House Amendments in [ ] — February 10, 1994

Requesting the Joint Commission on Health Care, with the assistance of the Secretary of Health and Human Resources and the Maternal and Child Health Council, to study the issues impacting universal access to health care for Virginia's uninsured children and the extent to which current initiatives should be expanded or revised to ensure that such access exists.

Patrons—Brickley, Ball, Connally, DeBoer, Heilig, Melvin and Morgan; Senators: Holland, C.A., Holland, E.M., Lambert, Schewel, Walker and Woods

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Referred to Committee on Health, Welfare and Institutions

WHEREAS, over 200,000 children in Virginia, one out of every seven, live in families who cannot afford basic health care; and

WHEREAS, nationally, the number of children without health insurance has increased 40 percent in 14 years, and approximately 11 million children in the United States currently have no health insurance; and

WHEREAS, poor health care affects children in all Virginia communities, cities, rural areas, and affluent suburbs where over 13 percent of all children are uninsured; and

WHEREAS, the national debate on health care reform encompasses the goal of universal access to health care for all citizens, with a special emphasis on children, and proposals currently under consideration include various models for achieving this goal; and

WHEREAS, in 1990, the Governor established a Child Health Task Force to review the needs of these 200,000 uninsured children in Virginia and, based on its recommendations, the 1992 General Assembly approved expanded coverage to include an additional 30,000 children between the ages of five and eighteen with incomes of up to 100 percent of the federal poverty level under Virginia's Medicaid program; and

WHEREAS, the 1992 General Assembly also appropriated $3.4 million effective July 1, 1993, to implement a modified insurance program for the approximately 6,000 children under one year of age in families with incomes between 133 percent and 200 percent of the federal poverty level; and

WHEREAS, the Secretary of Health and Human Resources was directed to work with the Joint Commission on Health Care to identify the appropriate service delivery model for the child health initiative; and

WHEREAS, in response to the General Assembly's mandate, the Secretary of Health and Human Resources and the Child Health Task Force recommended that the modified health insurance program include core preventive and primary care services, that the Department of Medical Assistance Services serve as the central administering agency to contract with a third party for administration and service delivery, that the administrative services be provided at no cost to the Commonwealth, and that public and private partnerships with existing providers be maximized to the extent possible; and

WHEREAS, the Department of Medical Assistance Services contracted with the Virginia Caring Program, Inc., a not-for-profit subsidiary of Blue Cross and Blue Shield of Virginia, to implement the modified insurance product for these approximately 6,000 infants of up to one year of age, and beginning in November of 1993, the program, Kids Care, began to enroll children; and

WHEREAS, the Department of Medical Assistance Services is seeking a waiver for federal matching funds from the Health Care Financing Administration in order to expand the Kids Care program to include children up to age three who are in families at 200 percent of the poverty level; and

WHEREAS, the Virginia Health Care Foundation was established to foster and encourage public and private partnerships to advance numerous local initiatives aimed at

improving access to primary health care for Virginia's children; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Join Commission on Health Care, in cooperation with the Secretary of Health and Human Resources , the Department of Medical Assistance Services and its contractor, the Virginia Caring Program, and with the advice of the Virginia Maternal and Child Health Council, shall evaluate (i) the impact of the expanded coverage for children under the Kids Care program; (ii) the need, if any, to modify the benefits provided under the plan; (iii) the extent to which the program should be expanded to include a larger target population and how federal funds can be maximized to support such expanded coverage; and (iv) the manner in which Virginia's expanded coverage for children can serve as a model in Virginia under any national reform calling for universal access. [~~The Secretary shall complete this study for inclusion in the 1994 annual report of the Joint Commission on Health Care and shall report her~~ The Joint Commission on Health Care shall report its] findings and recommendations to the Governor and the 1995 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Official Use By Clerks	
Agreed to By The House of Delegates	**Agreed to By The Senate**
without amendment ☐	without amendment ☐
with amendment ☐	with amendment ☐
substitute ☐	substitute ☐
substitute w/amdt ☐	substitute w/amdt ☐
Date: _____	Date: _____
_____	_____
Clerk of the House of Delegates	Clerk of the Senate

APPENDIX B

As federal Omnibus Budget Reconciliation Acts (OBRA) expanded the potential for Medicaid coverage, Virginia aggressively pursued such optional coverage to the extent allowed by the State's budget. In 1988, the Virginia Medical Assistance Program expanded coverage to offer a full package of medical assistance services to pregnant women and infants from birth to age 1, with allowable net family income not exceeding 100% of the federal poverty level (FPL) for the family size. In 1989, further expansion covered children up to age 2 years with allowable net family income not exceeding 100% of the FPL. On April 1, 1990 coverage was expanded to include all pregnant women and all children younger than age six up to 133% of the FPL. Effective July 1, 1991, Medicaid benefits were extended to all children born after September 30, 1983, who have attained 6 years of age and are under 19 years of age, whose family income is below 100% of the FPL. As part of the Governor's Child Health Initiative, Medicaid coverage for children whose parents earn less than 100% of the federal poverty level was provided in advance of the coverage mandated by OBRA 1990. Effective July 1, 1992 coverage was extended to children under age 13 who were not already covered by Medicaid. Effective July 1, 1993 Medicaid benefits were extended to children under age 19 who were not already covered.

APPENDIX C

Appen

Cost Estimates of Covering up to Age 2 with State Funds Only
Using New Estimates of Uninsured

Assumptions:

Monthly Premium Payments :	< 1	1 yr old
FY 96	$106	$65
FY 97	$111	$68
FY 98	$116	$72

Participation Rates: Among Uninsured:	
FY 96	100%
FY 97	100%
FY 98	100%

		Projected Enrollment: < 1	1 yr old	GF Expended:	Total GF Expended for FY:	
FY 96	Jul	206	4564	$318,511		
	Aug	206	4564	$318,511		
	Sep	206	4564	$318,511		
	Oct	206	4564	$318,511		
	Nov	206	4564	$318,511		
	Dec	206	4564	$318,511		
	Jan	206	4564	$318,511		
	Feb	206	4564	$318,511		
	Mar	206	4564	$318,511		
	Apr	206	4564	$318,511		
	May	206	4564	$318,511		
	June	206	4564	$318,511	$3,822,137	FY 96
FY 97	Jul	212	4842	$354,082		
	Aug	212	4842	$354,082		
	Sep	212	4842	$354,082		
	Oct	212	4842	$354,082		
	Nov	212	4842	$354,082		
	Dec	212	4842	$354,082		
	Jan	212	4842	$354,082		
	Feb	212	4842	$354,082		
	Mar	212	4842	$354,082		
	Apr	212	4842	$354,082		
	May	212	4842	$354,082		
	Jun	212	4842	$354,082	$4,248,982	FY 97

Appendix C1: Cost Estimates of Covering up to Age 2 with State Funds Only
Using New Estimates of Uninsured

		Projected Enrollment: < 1	1 yr old	Monthly Expended:	Total GF Expended for FY:	
FY 98	Jul	219	4987	$382,995		
	Aug	219	4987	$382,995		
	Sep	219	4987	$382,995		
	Oct	219	4987	$382,995		
	Nov	219	4987	$382,995		
	Dec	219	4987	$382,995		
	Jan	219	4987	$382,995		
	Feb	219	4987	$382,995		
	Mar	219	4987	$382,995		
	Apr	219	4987	$382,995		
	May	219	4987	$382,995		
	Jun	219	4987	$382,995	$4,595,945	FY 98

Appenc Cost Estimates of Covering up to Age 2 with State Funds Only
Using New Estimates of Uninsured

Assumptions:

Monthly Premium Payments :		
	< 1	1 yr old
FY 96	$106	$65
FY 97	$111	$68
FY 98	$116	$72

Participation Rates: Among Uninsured:	
FY 96	65%
FY 97	70%
FY 98	70%

		Projected Enrollment: < 1	1 yr old	GF Expended:	Total GF Expended for FY:	
FY 96	Jul	113	2586	$180,078		
	Aug	113	2586	$180,078		
	Sep	113	2586	$180,078		
	Oct	113	2586	$180,078		
	Nov	113	2586	$180,078		
	Dec	113	2586	$180,078		
	Jan	113	2586	$180,078		
	Feb	113	2586	$180,078		
	Mar	113	2586	$180,078		
	Apr	113	2586	$180,078		
	May	113	2586	$180,078		
	June	113	2586	$180,078	$2,160,937	FY 96
FY 97	Jul	117	2663	$194,783		
	Aug	117	2663	$194,783		
	Sep	117	2663	$194,783		
	Oct	117	2663	$194,783		
	Nov	117	2663	$194,783		
	Dec	117	2663	$194,783		
	Jan	117	2663	$194,783		
	Feb	117	2663	$194,783		
	Mar	117	2663	$194,783		
	Apr	117	2663	$194,783		
	May	117	2663	$194,783		
	Jun	117	2663	$194,783	$2,337,391	FY 97

Appendix C2: Cost Estimates of Covering up to Age 2 with State Funds Only
Using New Estimates of Uninsured

		Projected Enrollment: < 1	1 yr old	Monthly Expended:	Total GF Expended for FY:	
FY 98	Jul	120	2743	$210,606		
	Aug	120	2743	$210,606		
	Sep	120	2743	$210,606		
	Oct	120	2743	$210,606		
	Nov	120	2743	$210,606		
	Dec	120	2743	$210,606		
	Jan	120	2743	$210,606		
	Feb	120	2743	$210,606		
	Mar	120	2743	$210,606		
	Apr	120	2743	$210,606		
	May	120	2743	$210,606		
	Jun	120	2743	$210,606	$2,527,270	FY 98

APPENDIX D

Appendix . Cost Estimates of the Current Waiver Proposal to Cover Children up to Age
Using New Estimates of Uninsured

Assumptions:

Monthly Premium Payments :			
	< 1	1 yr old	2 yr old
FY 96	$106	$65	$65
FY 97	$111	$68	$68
FY 98	$116	$72	$72

Participation Rates: Among Uninsured:	
FY 96	65%
FY 97	70%
FY 98	70%

		Projected Enrollment:			Monthly	GF	Federal Match	Total GF Expended	Total Match Expended	Total Expended	
		< 1	1 yr old	2 yr old	Expended:	Expended:	Expended:	for FY:	for FY:	for FY:	
FY 96	Jul	113	2586	2583	$348,025	$174,012	$174,012				
	Aug	113	2586	2583	$348,025	$174,012	$174,012				
	Sep	113	2586	2583	$348,025	$174,012	$174,012				
	Oct	113	2586	2583	$348,025	$174,012	$174,012				
	Nov	113	2586	2583	$348,025	$174,012	$174,012				
	Dec	113	2586	2583	$348,025	$174,012	$174,012				
	Jan	113	2586	2583	$348,025	$174,012	$174,012				
	Feb	113	2586	2583	$348,025	$174,012	$174,012				
	Mar	113	2586	2583	$348,025	$174,012	$174,012				
	Apr	113	2586	2583	$348,025	$174,012	$174,012				
	May	113	2586	2583	$348,025	$174,012	$174,012				
	June	113	2586	2583	$348,025	$174,012	$174,012	$2,088,148	$2,088,148	$4,176,295	FY 96
FY 97	Jul	117	2663	2661	$376,452	$188,226	$188,226				
	Aug	117	2663	2661	$376,452	$188,226	$188,226				
	Sep	117	2663	2661	$376,452	$188,226	$188,226				
	Oct	117	2663	2661	$376,452	$188,226	$188,226				
	Nov	117	2663	2661	$376,452	$188,226	$188,226				
	Dec	117	2663	2661	$376,452	$188,226	$188,226				
	Jan	117	2663	2661	$376,452	$188,226	$188,226				
	Feb	117	2663	2661	$376,452	$188,226	$188,226				
	Mar	117	2663	2661	$376,452	$188,226	$188,226				
	Apr	117	2663	2661	$376,452	$188,226	$188,226				
	May	117	2663	2661	$376,452	$188,226	$188,226				
	Jun	117	2663	2661	$376,452	$188,226	$188,226	$2,258,709	$2,258,709	$4,517,418	FY 97

Appendix D: Cost Estimates of the Current Waiver Proposal to Cover Children up to Age 3
Using New Estimates of Uninsured

		Projected Enrollment: < 1	1 yr old	2 yr old	Monthly Expended:	GF Expended:	Federal Match Expended:	Total GF Expended for FY:	Total Match Expended for FY:	Total Expended for FY:	
FY 98	Jul	120	2743	2740	$407,021	$203,511	$203,511				
	Aug	120	2743	2740	$407,021	$203,511	$203,511				
	Sep	120	2743	2740	$407,021	$203,511	$203,511				
	Oct	120	2743	2740	$407,021	$203,511	$203,511				
	Nov	120	2743	2740	$407,021	$203,511	$203,511				
	Dec	120	2743	2740	$407,021	$203,511	$203,511				
	Jan	120	2743	2740	$407,021	$203,511	$203,511				
	Feb	120	2743	2740	$407,021	$203,511	$203,511				
	Mar	120	2743	2740	$407,021	$203,511	$203,511				
	Apr	120	2743	2740	$407,021	$203,511	$203,511				
	May	120	2743	2740	$407,021	$203,511	$203,511				
	Jun	120	2743	2740	$407,021	$203,511	$203,511	$2,442,128	$2,442,128	$4,884,256	FY 98

APPENDIX E

Assumptions:

Monthly Premium Payments :	< 1	1 yr old	2 yr old	3 yr old
FY 96	$106	$65	$65	$65
FY 97	$111	$68	$68	$68
FY 98	$116	$72	$72	$72

Participation Rates: Among Uninsured:	
FY 96	65%
FY 97	70%
FY 98	70%

		Projected Enrollment: < 1	1 yr old	2 yr old	3 yr old	Monthly Expended:	GF Expended:	Federal Match Expended:	Total GF Expended for FY:	Total Match Expended for FY:	Total Expended for FY:	
FY 96	Jul	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Aug	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Sep	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Oct	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Nov	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Dec	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Jan	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Feb	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Mar	113	2586	2583	2567	$514,931	$257,465	$257,465				
	Apr	113	2586	2583	2567	$514,931	$257,465	$257,465				
	May	113	2586	2583	2567	$514,931	$257,465	$257,465				
	June	113	2586	2583	2567	$514,931	$257,465	$257,465	$3,089,585	$3,089,585	$6,179,170	FY 96
FY 97	Jul	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Aug	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Sep	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Oct	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Nov	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Dec	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Jan	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Feb	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Mar	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Apr	117	2663	2661	2644	$556,960	$278,480	$278,480				
	May	117	2663	2661	2644	$556,960	$278,480	$278,480				
	Jun	117	2663	2661	2644	$556,960	$278,480	$278,480	$3,341,759	$3,341,759	$6,683,518	FY 97

Appendix E: Cost Estimates of a Revised Current Waiver Proposal to Cover Children up to Age 4
Using New Estimates of Uninsured

		Projected Enrollment: < 1	1 yr old	2 yr old	3 yr old	Monthly Expended:	GF Expended:	Federal Match Expended:	Total GF Expended for FY:	Total Match Expended for FY:	Total Expended for FY:	
FY 98	Jul	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Aug	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Sep	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Oct	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Nov	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Dec	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Jan	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Feb	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Mar	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Apr	120	2743	2740	2724	$602,290	$301,145	$301,145				
	May	120	2743	2740	2724	$602,290	$301,145	$301,145				
	Jun	120	2743	2740	2724	$602,290	$301,145	$301,145	$3,613,739	$3,613,739	$7,227,478	FY 98

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